



UTAH SYSTEM OF
HIGHER EDUCATION

MEMORANDUM

March 21, 2024

Shared Services Update

Legislative Directive Regarding Shared Services

[Utah Code section 53B-1-402](#) requires the Utah Board of Higher Education to maximize efficiency throughout the Utah System of Higher Education by identifying and establishing shared administrative services (shared services) beginning with:

1. Commercialization;
2. Services for compliance with Title IX;
3. Information technology services; and
4. Human resources, payroll, and benefits administration.

In 2024, the Legislature provided further guidance on shared services in [Senate Bill 192, Higher Education Amendments](#). The bill amended Utah Code section 53B-1-402 to require the Board to demonstrate compliance with shared services directives by providing to the Higher Education Appropriations Subcommittee evidence of implementation of:

- At least one shared service, on or before October 1, 2024;
- At least two shared services, on or before October 1, 2025; and
- At least three shared services, on or before October 1, 2026.

The new legislation incentivizes shared service implementation by tying it to performance funding. If the Higher Education Appropriations Subcommittee finds that the Board does not provide the required evidence of shared services implementation, the Legislature shall:

- Deduct 10% of the performance funding appropriation for the following fiscal year; and
- Deduct an additional 10% of the performance funding appropriation for each subsequent year of noncompliance up to a maximum deduction of 30%.

Current and Prospective Shared Services Initiatives

Below are summaries providing background and information about existing and proposed shared services operations in the four legislatively prioritized domains.

1. Commercialization

Background: The Innovation District at the Point is a collaborative ecosystem that connects higher education, government, and industry, with a focus on commercialization and economic development in Utah. USHE is leveraging this partnership to advance shared commercialization initiatives with the Utah Innovation Lab, Utah Policy Innovation Lab, and the yet-to-be-constructed Convergence Hall.

Part of this initiative is the Utah Innovation Fund, a venture capital fund created by the state to elevate Utah's economy by commercializing technologies discovered, advanced, or developed at or in partnership with Utah's higher education institutions. To date, the Utah Innovation Fund has made four investments in companies tackling critical state and global problems, including water scarcity, infertility, dermatological disease, and opioid addiction.

In 2024, the Legislature demonstrated that commercialization shared services should be a high priority for the Board when it funded \$500,000 ongoing and \$1,750,000 one-time for commercialization shared services, transferred \$15,000,000 to the Board to be used for commercialization shared services in coordination with the Utah Innovation Fund, and directed the Board to use \$3,264,600 in previously appropriated funds for higher education initiatives that advance innovation and commercialization by increasing student engagement, convening events, resourcing innovation districts, issuing grants or engaging in other activities as determined by the Board.

Current Shared Services: The Point recently launched numerous centrally coordinated innovation-related internship programs that offer students from all USHE institutions opportunities at the Utah Innovation Lab, the Utah Policy Innovation Lab, and directly with private corporation research arms.

Proposed Shared Services: As Innovation District activities and operations ramp up in general, shared services in the commercialization space will naturally accelerate. Specifically, the Innovation District shared service commercialization hub will provide expertise and infrastructure support for institutions that lack operational backing for commercialization projects. This integrated approach ensures that all colleges, schools, innovation districts, and technology hubs can maximize available support and propel economic growth and technological advancement in a cost-efficient way.

2. Services for Compliance with Title IX

Background: The Commissioner's office organized a Title IX Shared Services Working Group early last year with representatives across the System, and that group has met to begin discussions and information gathering. Because of stringent federal regulations in this area, Title IX shared services opportunities may be more limited than in other areas.

Current Shared Services: The Commissioner’s office has organized systemwide training on Title IX legal and regulatory requirements for Title IX coordinators, decision-makers, investigators, and other institution employees involved in the Title IX process. Additionally, Southern Utah University and Southwest Technical College currently share Title IX investigators, hearing officers, advisors, and other resources, as well as collaborate on developing and disseminating trainings and other educational materials. The working group is exploring this model to determine whether other degree-granting and technical education partnerships are feasible given Title IX’s demands.

Proposed Shared Services: This year, the Legislature granted the Board’s FY 2024-2025 budget request for \$255,600 in new ongoing funding to support an additional full-time assistant attorney general dedicated to technical colleges. This additional attorney will help increase response time and counsel capacity, including for Title IX issues, for the technical college system.

The Commissioner’s office has already contracted for an upcoming systemwide Title IX training and will schedule it as soon as the final Title IX regulations are released later this spring. Depending on the number of individuals requiring training at the institution, such training would cost each institution an estimated \$10,000 to \$20,000 a year. The training provided by the Commissioner’s office will cost only \$10,000 plus in-state travel and is conservatively expected to save \$120,000 a year across USHE.

3. Information Technology Services

Background: The University of Utah Information Technology Department (UIT) coordinates the information technology services of all 16 USHE institutions. The chief information officers (CIOs) of all institutions meet regularly with UIT for training and to share best practices, coordinate policy development, discuss threats and opportunities, and problem-solve current IT challenges. UIT routinely evaluates and pursues new system-level shared service opportunities for security and procurement.

Current Shared Services: UIT coordinates group purchasing to get the best prices on expensive IT equipment and coordinates the purchase of numerous software products for use across institutions. UIT works with institutions regularly to perform cybersecurity penetration testing to better understand where security improvements are necessary.

UIT has developed a USHE IT Strategic Plan. This strategic plan includes goals to increase fiscal and operational efficiency through shared services, IT plans, standards, and information sharing. The plan outlines the following current IT shared services:

- Utah Education and Telehealth Network (UETN) network connectivity at no cost to the institutions.
- UETN statewide software agreements. Roughly 29 various software contracts are procured through shared services saving approximately \$3 million annually.

- USHE cybersecurity assessments.
- Internal and third-party security audits.
- HETI funding-shared software agreements. Approximately 10 software agreements are funded annually through HETI for degree-granting institutions.
- U of U support and sharing of research computing resources.

Proposed Shared Services: The IT Strategic Plan also outlines new shared services initiatives as follows:

- Negotiate statewide Adobe and Microsoft agreements.
- Secure state funding for cybersecurity insurance premiums.
- Investigate self-insurance or captive insurance.

UIT worked with State Risk Management and obtained ongoing legislative funding for cyber security insurance, so each institution has cyber liability insurance structured for the size and complexity of the specific institution and a secure source of funding to maintain this insurance. This funding was first appropriated for fiscal year 2024.

During this past year, UIT also led an effort to search for a replacement for Northstar, the student information system used by seven of the technical colleges. After much research and presentations by several different software companies, the CIOs recommended that the system continue to invest in Northstar and update the legacy software platform to a current, cloud-based platform. The Legislature funded a budget request for \$1,500,000 in one-time funds to support this initiative.

The Huron Shared Services study presented four different scenarios for providing systemwide IT security. These scenarios had annual costs ranging from \$742,000 to \$4,249,000. UIT and the CIOs must collaborate on a shared cybersecurity service that ensures all institutions are meeting established cybersecurity standards. They will also need to work closely with institutional finance and budget officers to explore funding, including ways to share costs and resources.

4. Human Resources, Payroll, and Benefits Administration

a. Generally

Background: The Utah Higher Education Personnel Administrators Committee (UHEPAC), made up of human resource professionals from each of the USHE institutions, has met to explore areas where shared services may be a benefit.

Current Shared Services: During this past year, UHEPAC collaborated to obtain group pricing on salary survey reports from the College and University Professional Association for Human Resources.

Proposed Shared Services: UHEPAC is also looking at other information and services for which they can obtain group pricing or discounted rates. They are also exploring if it is feasible to use common vendors for services like drug screening and background checks.

b. Employee Health Insurance Benefits

Background: USHE institutions currently use six different health benefit carriers with varying costs, coverage, and contract negotiation processes. Five of the degree-granting institutions are self-insured, four of which use the same benefits administrator to manage their plans. The other three degree-granting institutions and all eight technical colleges are not self-insured and use traditional insurance carriers. Of the institutions that are not self-insured, eight use the Public Health Employees Health Program (PEHP) and three use other carriers.

Current Shared Services: Eight of the institutions are insured by PEHP – a state-wide shared service to provide medical insurance, dental insurance, employee life insurance, and long-term care insurance to employees at state agencies, including in higher education and public education. PEHP works well for the institutions that use it for their employee health benefits. The Utah Public Employees’ Benefit and Insurance Program Act restricts PEHP from insuring the larger higher education institutions, which has led USHE’s larger institutions to seek self-insured employee health benefits.

Proposed Shared Services: Centralizing USHE institution health benefit negotiation, procurement, and administration is expected to increase system-level health benefit-related efficiencies. In the Board’s last meeting, Commissioner’s office staff reported their intent to issue a request for a proposal to assess shared services in this area. Commissioner’s office staff has conducted additional research and has determined that, due to the complexity, a consultant is needed to help identify where efficiencies can be made and to articulate those efficiencies in insurance-specific language. A consultant will help ensure the RFP appropriately captures the broker or other professional services needed to work with insurance companies to implement identified efficiencies. The Commissioner’s office has initiated discussions with Procurement Services to begin this process.

c. Technical College Payroll Systems

Background: USHE technical colleges use diverse and unstandardized payroll processing systems. Payroll at the eight technical colleges is processed using five different payroll systems. Some systems outsource some processes, such as processing employee payments and filing taxes. Other systems only process payroll and payments, leaving tax filing to be done by the institution. Establishing a common vendor to provide payroll processing services for USHE technical colleges is likely to result in systemwide cost savings due to volume pricing and increased efficiencies.

Huron's report indicated that outsourcing payroll activities could achieve significant savings while standardizing and improving service levels. The report stated that outsourcing pay calculations, distribution, tax remittances, etc. can improve and standardize service quality, which varies across the system, with some institutions lacking the resources for industry-standard levels of service.

Current Shared Services: The Commissioner's office coordinated with payroll personnel from the eight technical colleges to develop an RFP for outsourced payroll services. The RFP was posted on March 15, 2024. Seven payroll providers have been identified as vendors that the Commissioner's office hopes will respond to the RFP.

The RFP seeks a new, outsourced, payroll system with the following features: integrated functionality for time and attendance, payroll, benefits management, and human resource information system; full federal, state, and local tax filing administration; direct deposit allowing for paycheck distribution; W-2 preparation; and training for human resource and payroll personnel to allow them to understand and operate all functions of the system.

Other Shared Services Initiatives

1. *College Bookstore Operations*

Many USHE institution college bookstores belong to bookstore management support organizations, including the National Association of College Stores, Independent College Bookstore Association, and Rocky Mountain Skyline Bookstore Association. These organizations meet regularly for training, to share best practices, and to problem-solve bookstore concerns. Through their participation in such organizations, USHE institutions have obtained volume pricing for e-books and many items of general merchandise and have coordinated the adoption of digital textbooks on campuses.

2. *Internal Audit*

Huron identified internal audit as an area of opportunity for shared services. Huron indicated that consolidating this function would create specialists dedicated to risk management and provide the necessary resources to ensure compliance across the system. The Commissioner's office has centralized audit functions, providing internal audit services for technical colleges and Snow College through shared services agreements. Southern Utah University, Utah Tech University, Salt Lake Community College, and Snow College also have centralized IT audit services.

In addition to providing internal audit services, a Commissioner's office team of five auditors meets periodically with internal auditors across the system for updates and training. The Commissioner's office and the institutions served by USHE's internal audit team bear the costs of the Commissioner's office auditors.

3. *Utah Academic Library Consortium*

The Utah Academic Library Consortium (UALC) is the cooperative organization for academic libraries in Utah. With legislative support, UALC has given students access to more than 35,000 scholarly journals, 37,000 technical publications, 200,000 electronic books, and 6,800 newspapers and media sources. In 2020-2021 alone, USHE faculty and students conducted nearly 11 million searches and had more than six million downloads of electronic articles, books, or other documents. UALC saves money via shared services and collective buying. The consortium negotiates pricing and licenses for critical databases supporting the educational and research mission of public higher education libraries in the State of Utah.

4. *Technical College Financial Information System*

The eight technical colleges use six different systems for budgeting, accounting, and financial reporting. Some of these systems are aging and the developers have indicated that the systems will need to be updated soon as maintenance will be discontinued. Two institutions are using QuickBooks. Except for the University of Utah, all degree-granting institutions use Banner which is more complex and expensive than potentially suitable technical college alternatives.

Due to the disparity of technical college financial systems, a unified Financial Information System (FIS) for technical colleges could be an excellent shared service. High-quality financial information systems are available in price ranges that each of the technical colleges should be able to self-fund. Using a shared services procurement and implementation model, institutions could benefit from volume purchase pricing and could assist each other and keep down the costs of consultants required for implementation. Now is the time to standardize processes and financial procedures at institutions and increase efficiencies across the system. Some of the technical college finance officers have suggested creating a working group to select a unified technical college FIS.

5. *Technical College Procurement*

The Huron report identified procurement as another area of potential shared services. The report listed several scenarios and indicated that sharing this service based on commonality among institutions would assist with successful implementation. Technical colleges may, therefore, be a good place to begin with shared procurement services.

In its report, Huron said that currently, USHE does not take advantage of shared procurement services. As a result, processes have become redundant and expensive. Optimizing technology and services with tools that can be used systemwide will yield more efficient processes with potential cost savings and a more consistent buying experience while maximizing purchasing power. Transitioning to a different procurement platform will be a large lift that alters current processes and policies. Ensuring that services align with all institutional missions will assist with getting stakeholder buy-in.

A technical college work group could be convened to further study the Huron report and make recommendations for a path forward for implementing a technical college procurement shared service.

6. *Treasury Investment Support*

All USHE institutions have deposits with the Utah Public Treasurer's Investment Fund (PTIF). This is a tremendous state-wide shared service for state agencies as well as for higher education institutions. PTIF provides a reasonable rate of investment return and ensures compliance with the Utah Money Management Act. When institutions have funds, either through their foundations or other accounts, for which they would like a better rate of return than can be provided by PTIF, the smaller institutions are not adequately resourced to have their investment staff monitor those types of investments. A shared investment office could invest and manage these types of funds, while providing proper fiduciary controls and compliance with the Money Management Act.

7. *Other Institutional and Regional Initiatives*

USHE institutions have been working on institutional and regional initiatives to improve administrative services and to partner with other institutions in their region to make cost-effective and efficiency-driven improvements.

Consistent with the Huron report, technical college presidents have a meeting planned that focuses on shared services. These presidents believe that due to the size and similarity of technical college functions, there may be shared service opportunities that would be more feasible with only the technical colleges participating. The Huron report indicated that there may be group shared services opportunities involving two or more institutions rather than the whole system. Huron stated that these group opportunities can leverage the similarities of a subset of institutions that may not be present across all 16.

Commissioner's Recommendation

The Commissioner recommends the Board direct:

- The Associate Commissioner of Innovation to explore and engage in commercialization shared services, including through coordination with the Utah Innovation Fund. At least some of these shared services should advance innovation and commercialization through increasing student engagement, convening events, resourcing innovation districts, issuing grants, or engaging in other activities;
- The Title IX Shared Services Working Group to explore shared services related to student Title IX trainings, hearing officers, investigators, and decision-makers and to make recommendations about these areas to the Board;
- The Utah System of Higher Education Chief Information Officer and CIOs to collaborate on a shared cybersecurity service that ensures all institutions are meeting established cybersecurity

standards which could involve self-funding licenses, tools, and staff, or pooling resources and sharing costs in ways that lead to efficiency and savings systemwide;

- Commissioner's office to engage a consultant to assist with the development of an RFP regarding shared employee health insurance benefits;
- The Senior Assistant Commissioner for Technical College Finance to:
 - Identify the most appropriate technical college payroll system based on the RFP and execute outsourced services as soon as possible; and
 - Convene a working group to identify and price a unified technical college FIS and make recommendations to the Board;
- Commissioner's office to gather information and make recommendations for implementing a technical college procurement shared service; and
- Commissioner's office to convene a working group of technical college presidents to explore other avenues for technical college-specific share services.

The Commissioner also recommends that the above individuals and groups be directed to report evidence of progress and implementation of their shared service to the Board at its next meeting.

Attachment

IT Strategic Plan

Packet for Bid